

Message Text

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PAGE 01 STATE 277108

17

ORIGIN XMB-04

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

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NEA/AFN STAN ESCUDERO

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R 102352Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY RABAT

INFO AMCONSUL CASABLANCA

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E.O. 11652: DECLASSIFY UPON RECEIPT

TAGS: EFIN, MO

SUBJECT: EXIM LOAN FOR TEMARA CEMENT PROJECT

1. EXIMBANK HAS BEEN REQUESTED BY ASMENT DE TEMARA, S.A., RABAT, TO ASSIST IN FINANCING \$26 MILLION IN U.S. COSTS OF CEMENT PLANT EQUIPMENT TO BE PROVIDED BY FULLER CO. OF CATASAUQUA, PA. FOR NEW CEMENT PROJECT NEAR RABAT.

2. FINANCING PLAN IS FOR 15 PERCENT CASH PAYMENT, EXIM LOAN OF DOLS 11,050,000 (42.5 PERCENT) AT RATE OF 8-3/4 PERCENT, LOAN OF EQUAL AMOUNT FROM COMMERCIAL BANKS WITHOUT EXIM GUARANTEE. REPAYMENT

IN 14 SEMIANNUAL INSTALLMENTS BEGINNING 12-31-78, 6 MONTHS AFTER START OF COMML OPERATION, COMMERCIAL BANKS TO BE REPAYED FROM EARLY MATURITIES. REPAYMENT TO BE GUARANTEED BY CAISSE CENTRALE DE GARANTIE, MINISTRY OF FINANCE, FOR AND ON BEHALF OF KINGDOM OF MOROCCO.

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PAGE 02 STATE 277108

EM THE PRESIDENT DIRECTOR GENERAL OF TEMARA IS OMAR LARAQUI,

PRESIDENT DIR GEN OF SOCIETE NOUVELLE DES CONDUITES D'EAU (SNCE), ASMENT DE MARRAKECH (ASMAR), AND A NUMBER OF OTHER COMPANIES IN REAL ESTATE, CONSTRUCTION, AND OTHER LINES. SINCE, WHICH IS UNDERSTOOD

TO HAVE 17 PERCENT GOVT. OWNERSHIP, HAS 10 PERCENT SHAREHOLDING IN TEMARA. GOM WOULD ALSO HAVE A 15 PERCENT SHARE IN TEMARA THROUGH CREDIT IMMOBILIER HOTELIER (CIH).

4. GOM IS SAID TO BE ENCOURAGING TEMARA IN ORDER TO FILL GAP IN CONSUMPTION DEMAND OVER DOMESTIC CAPACITY AND SAVE IMPORTS, AND THUS IS PUSHING FOR RAPID EXECUTION OF PROJECT. GOM SUPPORT TAKES FORM OF REPAYMENT GUARANTEE, 74 MILLION DIRHAM (DOLS16.5 MILLION) BNDE FINANCING, FOR- GIVENESS OF TAXES, GRANT OF LAND WORTH DOLS 2.2 MILLION, AND ASSURANCE OF PROFITABILITY (IN CONSIDERATION OF DOMESTIC PRICE CEILING).

5. CURRENT IMPORT COST IS SAID TO BE 200 DIRHAMS (DOLS 44) PER TON. PUBLISHED REPORTS INDICATE IMPORTS OF 400,000 TONS OF CEMENT IN FIRST HALF OF 1976, DESPITE 16 PERCENT RISE IN DOMESTIC PRODUCTION FROM 1,747,500 TONS IN 1974, TO 2,028,000 TONS IN 1975. (BORROWER REPORTS PRODUCTION IN 1974 OF 1,914,901 TONS, INDICATING 10 PERCENT INCREASE IN 1975.)

6. TEMARA PROJECTS TOTAL CONSUMPTION IN 1980 IN 4.6-4.8 MILLION TON RANGE, AND PRODUCTION CAPACITY RANGING 3.5-4.2 MILLION TONS, INCLUDING NEW ASMAR MARRAKECH AND CIMA D'OUJDA PLANTS, BUT EXCLUDING TEMARA.

7. EMBASSY'S COMMENTS AND OBSERVATIONS WOULD BE APPRECIATED ON (A) STANDING AND REPUTATION OF LARAQUI, WHO SEEMS WELL-CONNECTED AND GIVES GOOD IMPRESSION, (B) STRENGTH OF GOM SUPPORT, (C) LIKELY AVAILABILITY OF GOM REPAYMENT GUARANTEE THROUGH CAISSE CENTRALE DE GARANTIE, AND WHETHER THIS IS ROUTINELY AVAILABLE FOR PRIVATE SECTOR OR MIXED INVESTMENT PROJECTS WHICH ARE ENCOURAGED BY GOM, (D) LATEST CEMENT PRODUCTION, CONSUMPTION, AND IMPORTS, AND CURRENT IMPORT PRICE, (E) POSSIBLE OVER-CAPACITY IN CEMENT PRODUCTION, (F) ANY OTHER RELEVANT POINTS, AND (G) EMBASSY'S VIEWS REGARDING EXIM PARTICIPATION. EMBASSY REQUESTED LIMITED OFFICIAL USE

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PAGE 03 STATE 277108

TO BASE COMMENTS ON READILY AVAILABLE INFO IN VIEW OF TEMARA'S NEED FOR APPROVAL ASAP IN ORDER TO LINE UP OTHER FINANCING. KISSINGER

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Message Attributes

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Margaret P. Grafeld
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